

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Tom Gilmore & Associates, LLC is a California limited liability real estate development corporation, headquartered in Los Angeles.

In 2002, during the first semi-annual reporting period of January 1, 2002 through June 30, 2002, Respondent made \$29,500 in contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).<sup>1</sup> As such, Respondent was required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondent was required by the Act to file late contribution reports disclosing its late contributions within 24 hours of making them. Furthermore, Respondent was required to file a semi-annual campaign statement, commonly known as a “major donor statement,” disclosing its contributions during the period January 1, 2002 through June 30, 2002.

In this case, Respondent made two late contributions prior to the March 2002 primary election, which it failed to disclose in properly filed late contribution reports, thereby committing two violations of the Act. Furthermore, Respondent failed to file a semi-annual campaign statement disclosing the campaign activity of Respondent during the first half of 2002.

For the purposes of this stipulation, Respondent’s violations are stated as follows:

- COUNT 1:** Respondent Tom Gilmore & Associates, LLC failed to disclose a \$19,000 late contribution to the Friends of Gilbert Cedillo 46<sup>th</sup> Assembly District Committee in a properly filed late contribution report, by the February 22, 2002 due date, in violation of section 84203, subdivision (a).
- COUNT 2:** Respondent Tom Gilmore & Associates, LLC failed to disclose a \$6,000 late contribution to the Friends of Gilbert Cedillo 46<sup>th</sup> Assembly District Committee in a properly filed late contribution report, by the February 22, 2002 due date, in violation of section 84203, subdivision (a).
- COUNT 3:** Respondent Tom Gilmore & Associates, LLC failed to file a semi-annual campaign statement, by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84200, subdivision (b).

---

<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

## **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) of the Act includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution, including a loan, aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election campaign statement. Under section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Section 84215, subdivision (a) requires all major donor committees supporting statewide elected officers to file the committee’s campaign statements with the offices of the Secretary of State, the Registrar-Recorder of Los Angeles County, and the Registrar of Voters of the City and County of San Francisco.

## **SUMMARY OF THE FACTS**

On February 21, 2002, Respondent Tom Gilmore & Associates, LLC made two campaign contributions totaling \$25,000 to the Friends of Gilbert Cedillo 46<sup>th</sup> Assembly District Committee. By making these contributions, Respondent qualified under section 82013, subdivision (c) of the Act as a major donor committee.

### **COUNTS 1-2**

#### **Failure to File Late Contribution Reports**

As a major donor committee, Respondent Tom Gilmore & Associates, LLC had a duty to file late contribution reports, disclosing, within 24 hours, the late contributions that it made. The late contribution reporting period for the March 5, 2002 primary election was February 17, 2002 through March 4, 2002.

On February 21, 2002, Respondent Tom Gilmore & Associates, LLC made a contribution of \$19,000, in the form of a loan, to the Friends of Gilbert Cedillo 46<sup>th</sup> Assembly District Committee. As the contribution was made during the late contribution reporting period prior to the March 5, 2002 primary election, Respondent was required to disclose the contribution in a late contribution report filed by February 22, 2002. Respondent failed to file a late contribution report by the February 22, 2002 due date. By failing to disclose the \$19,000 contribution in a late contribution report filed by February 22, 2002, Respondent violated section 84203, subdivision (a).

On February 21, 2002, Respondent Tom Gilmore & Associates, LLC made a contribution of \$6,000 to the Friends of Gilbert Cedillo 46<sup>th</sup> Assembly District Committee. As the contribution was made during the late contribution reporting period prior to the March 5, 2002 primary election, Respondent was required to disclose the contribution in a late contribution report filed by February 22, 2002. Respondent failed to file a late contribution report by the February 22, 2002 due date. By failing to disclose the \$6,000 contribution in a late contribution report filed by February 22, 2002, Respondent violated section 84203, subdivision (a).

By failing to file late contribution reports disclosing two late contributions, as set forth above, Respondent committed two violations of section 84203, subdivision (a).

### COUNT 3

#### **Failure to Timely File a Semi-Annual Campaign Statement**

As a major donor committee, Respondent Tom Gilmore & Associates, LLC had a duty to file a semi-annual campaign statement by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002, disclosing its campaign activity during the reporting period. Respondent failed to file a semi-annual campaign statement by the July 31, 2002 due date. By failing to file a semi-annual campaign statement, as set forth above, Respondent committed a violation of section 84200, subdivision (b).

The Enforcement Division discovered the above-described violation when reviewing campaign filings as part of the Enforcement Division's Streamlined Late Contribution Enforcement Program. Upon discovering the violation, Investigator Jon Wroten of the Enforcement Division contacted Respondent on April 2, 2003. In response to that contact, Respondent filed a major donor semi-annual campaign statement for the period January 1, 2002 through June 30, 2002, on April 4, 2003, over seven months late.

### **CONCLUSION**

This matter consists of three counts, which carry a maximum possible administrative

penalty of Fifteen Thousand Dollars (\$15,000).

Regarding Counts 1 and 2, under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contribution. As Respondent declined the opportunity to resolve this matter in an expeditious manner through the streamlined program, a penalty higher than the standard 15 percent penalty imposed under the program is justified. Respondent's representative stated that Respondent was unaware that a loan constituted a contribution that would trigger late contribution reporting. A penalty approximating 20 percent of the amount not properly reported is appropriate in this case.

Regarding Count 3, the typical stipulated administrative penalty for the late filing of a semi-annual campaign statement has historically ranged from \$1,500 to \$2,500 per statement. Respondent erroneously believed that the original semi-annual campaign statement had been filed, as a copy of the completed statement was in its file. Upon learning of its error, Respondent acted promptly in filing the delinquent campaign statement and fully cooperated with the Enforcement Division. As the violation does not appear to be especially aggravated, an administrative penalty approximating the middle of the above-stated penalty range is appropriate.

The facts of this case therefore justify imposition of the agreed upon penalty of Seven Thousand Dollars (\$7,000).